



# General Assembly

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Human resources management

## Mandatory age of separation

### Report of the Advisory Committee on Administrative and Budgetary Questions

1. The Advisory Committee on Administrative and Budgetary Questions has considered the report of the Secretary-General on mandatory age of separation (A/56/701). During its consideration of the report, the Advisory Committee met with representatives of the Secretary-General, who provided additional information and clarifications.
2. The Advisory Committee conducted a preliminary examination of the report in December 2001. The Advisory Committee requested that it be provided with additional information prior to resumption of consideration of this matter. It was informed that the replies to its queries would also be provided to the Fifth Committee in a conference room paper.
3. The Advisory Committee observes that the report of the Secretary-General has been submitted pursuant to General Assembly resolution 55/258 of 14 June 2001, in section XII, paragraph 2, of which the Secretary-General was requested "to study the implications of fixing the mandatory age of separation for staff members appointed prior to 1 January 1990 to the current age of sixty-two years and to report thereon to the General Assembly at its fifty-sixth session". **Accordingly, the present report contains the observations and comments of the Advisory Committee on the information provided in the report of the Secretary-General. It is for the General Assembly to pronounce itself on the policy issue of whether to fix the mandatory age of separation for staff appointed prior to 1 January 1990 at 62 years.**
4. The Advisory Committee recalls that in paragraph 5 of its report of 19 October 2000 (A/55/499), it noted the statement in paragraph 11 (d) of the report of the Secretary-General on human resources management reform (A/55/253) that "there is an unprecedented number of vacancies, that up to 400 staff will be retiring each year for the next five years and that the turnover rate presents an opportunity for rejuvenating the Organization". In the same paragraph, the Committee stressed the



importance, in formulating and implementing human resources action plans, of giving priority to ensuring a systematic rejuvenation of the Secretariat and of retaining younger staff, particularly in the light of the age profile of the staff in the Organization.

5. As indicated in paragraph 12 of the report of the Secretary-General (A/56/701), of the 11,244 United Nations staff members serving under the 100 series of the Staff Rules as of 30 June 2001, the number of staff potentially affected by a change in the mandatory age of separation totals 5,944. The Advisory Committee notes, as stated in paragraph 13 of the report, that the actual number of staff affected would be lower on account of early retirements and separations due to resignation, expiration of contracts, disability or death in service. On the basis of recent experience, for example, it is estimated that some 100 staff members will take early retirement each year. Table 2 of the report shows that the number of staff members appointed prior to 1990 who will reach the mandatory age of separation (60) during the next five years ranges from 264 in 2002 to 384 in 2006.

6. The Advisory Committee notes the statement in paragraph 13 of the report of the Secretary-General (A/56/701) that because staff potentially affected by a change in the mandatory age of separation represent a small proportion of the total staff population, "the implications of a change in the mandatory age of separation for staff members appointed prior to 1 January 1990 would be minimal in respect of the Organization's age profile, geographical distribution, gender balance and career development opportunities". A differential analysis of the effect on Professional and General Service staff is contained in paragraphs 12 and 14 of the report. The Committee requested, but did not receive, a breakdown by grade level of the information contained in paragraphs 12 to 14. The Committee requests that that information be provided to the Fifth Committee. The report concludes that proactive measures to fill existing vacancies, which totalled 2,461 Secretariat-wide as at 30 June 2001, as well as vacancies arising from sources other than mandatory separation, and measures currently being implemented in the context of the human resources management reform programme provide more effective means to achieve the goals of the Organization in those areas (see A/56/701, paras. 18-23).

7. The Advisory Committee enquired as to the possible financial impact of retaining staff who might be at higher grades as compared to hiring new staff who presumably would enter the Organization at lower grades. The Committee was informed that a change in the mandatory age of separation for staff members appointed prior to 1 January 1990 would not affect the hiring of new staff and that, owing to the many possible variables in age and grade, it was not possible to quantify any financial impact.

8. The Advisory Committee also notes the statement in paragraph 13 of the report that the change in the mandatory age of separation for staff members appointed prior to 1 January 1990 would be actuarially favourable to the United Nations Joint Staff Pension Fund. Upon request for more detailed information, the Committee was informed that the Consulting Actuary of the Fund had estimated, assuming all affected staff members remain in active service until the age 62, that maximum possible actuarial benefits/savings for the Fund would amount to 0.16 per cent of pensionable remuneration. It should be noted that the definition of affected staff used by the Consulting Actuary includes all staff members in the United Nations family of organizations and entities who are governed by the United Nations Staff Regulations and

Rules.\* It should also be noted that this impact will be lessened to the extent that staff do not avail themselves of the option to extend their service until age 62 (see para. 5 above). On the other hand, the Advisory Committee points out that, should the United Nations extend the mandatory age of separation to 62 for affected staff, it is likely that other participating organizations in the Pension Fund not subject to United Nations Staff Regulations and Rules\* would follow suit, thus increasing the actuarial advantage to the Fund. Detailed information concerning the mandatory age of separation for a number of organizations and entities participating in the Pension Fund is given in paragraphs 9 and 10 of the report of the Secretary-General.

9. The Advisory Committee notes that, as stated in paragraph 7 of the report, a change in the mandatory age of separation for a defined group of United Nations staff would not require a change in the Pension Fund Regulations and Rules. Retirement of any such staff member after age 60 but before age 62 would be treated as normal retirement. The Advisory Committee takes note of the discussion in paragraphs 26 and 27 concerning the protection of acquired rights of staff, which is provided for in staff regulation 12.1. The Committee also notes the statement in paragraph 28 of the report that an extension of the mandatory age of separation of staff appointed prior to 1 January 1990 to 62 would have a positive impact on staff morale in view of the fact that all staff would be treated equally. While the Committee agrees that equality of treatment is desirable, it notes the importance of the issue of protection of acquired rights in connection with the extension of the mandatory age of retirement of such staff (see A/56/701, paras. 26 and 27).

10. The Advisory Committee exchanged views with the representatives of the Secretary-General concerning the effective date of implementation of any decision to be taken by the General Assembly to extend the mandatory age of separation for affected staff to 62. The Committee was informed that an effective date of six months or more after the adoption of the decision was recommended by the Office of Human Resources Management. The representatives of the Secretary-General explained that the Office of Human Resources Management requests departments to begin recruitment processes to replace retiring staff nine months prior to the expected retirement. There is therefore the possibility that some selection processes could be well under way at the time of adoption of a decision by the General Assembly, and the recommendation for delayed implementation was intended to avoid legal liabilities to the Organization. Upon enquiry, however, the Committee was informed that in practice few departments actually begin the recruitment process so far in advance of retirement of staff. **It is therefore the view of the Committee that, should the Assembly adopt a decision to extend the mandatory age of separation for staff appointed prior to 1990 to 62, the effective date of implementation should be set at three months subsequent to adoption. Furthermore, in the opinion of the Committee, any decision should contain language to the effect that the extension of the mandatory age of separation would not apply to staff who had already reached age 60 as at the effective date of implementation or to staff who had already been extended beyond the age of 60, subject to the prerogative of the Secretary-General to extend the age limit in exceptional cases in accordance with staff regulation 9.5.**

\* The Advisory Committee has requested the Office of Human Resources Management to provide a list of such organizations and entities to the Fifth Committee as part of the conference room paper (see para. 2 above).